

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Antwerp
Van Buren County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended June 30, 2005

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Antwerp, Michigan**

We have audited the accompanying financial statements of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of June 30, 2005, and for the year then ended, which collectively comprise the Township of Antwerp, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Antwerp, Michigan's management. Our responsibility is to express opinion's on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information on pages 21 - 23, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Antwerp, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Board of Trustees
Township of Antwerp, Michigan
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Antwerp, Michigan's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

September 19, 2005

BASIC FINANCIAL STATEMENTS

Township of Antwerp
STATEMENT OF NET ASSETS
June 30, 2005

	<u>Governmental activities</u>	<u>Component unit</u>
ASSETS		
Current assets:		
Cash	\$ 2,719,773	\$ 86,542
Receivables (net)	160,729	-
Prepaid expenses	<u>22,267</u>	<u>-</u>
Total current assets	2,902,769	86,542
Noncurrent assets:		
Capital assets (net)	<u>1,908,649</u>	<u>13,748</u>
Total assets	<u>4,811,418</u>	<u>100,290</u>
LIABILITIES		
Current liabilities:		
Accounts payable	13,640	-
Accrued liabilities	<u>12,435</u>	<u>-</u>
Total liabilities	<u>26,075</u>	<u>-</u>
NET ASSETS		
Invested in capital assets	1,908,649	13,748
Restricted for - public safety	1,064,060	-
Unrestricted, unallocated	<u>1,812,634</u>	<u>86,542</u>
Total net assets	<u>\$ 4,785,343</u>	<u>\$ 100,290</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF ACTIVITIES
Year ended June 30, 2005

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expenses)</u> <u>revenues and</u> <u>changes in</u> <u>net assets</u>	<u>Component</u> <u>unit</u>
		<u>Charges for</u> <u>services</u>	<u>Operating</u> <u>grants and</u> <u>contributions</u>	<u>Governmental</u> <u>activities</u>	
Governmental activities:					
Legislative	\$ 8,650	\$ -	\$ -	\$ (8,650)	
General government	592,539	19,543	-	(572,996)	
Public safety	577,853	240,713	41,977	(295,163)	
Public works	57,820	5,240	4,387	(48,193)	
Community and economic development	<u>46,606</u>	<u>18,414</u>	<u>-</u>	<u>(28,192)</u>	
Total	<u>\$1,283,468</u>	<u>\$ 283,910</u>	<u>\$ 46,364</u>	<u>(953,194.00)</u>	
Component unit	<u>\$ 18,122</u>	<u>\$ 31,306</u>	<u>\$ -</u>		<u>\$ 13,184</u>
General revenues:					
Taxes				662,451	-
State grants				427,152	-
Franchise fees				3,469	-
Investment income				45,267	1,079
Other				<u>3,095</u>	<u>-</u>
Total general revenues				<u>1,141,434</u>	<u>1,079</u>
Change in net assets				188,240	14,263
Net assets - beginning				<u>4,597,103</u>	<u>86,027</u>
Net assets - ending				\$ 4,785,343	\$ 100,290

See notes to financial statements

Township of Antwerp
BALANCE SHEET - governmental funds
June 30, 2005

	<u>General</u>	<u>Mattawan Fire</u>	<u>Lawton Fire</u>	<u>Other governmental funds</u>	<u>Totals</u>
ASSETS					
Cash	\$1,674,775	\$ 729,724	\$ 160,847	\$ 12,760	\$2,578,106
Receivables	4,387	-	-	-	4,387
Due from other governmental units	139,863	-	-	-	139,863
Prepaid expenses	11,299	-	10,968	-	22,267
Total assets	<u>\$1,830,324</u>	<u>\$ 729,724</u>	<u>\$ 171,815</u>	<u>\$ 12,760</u>	<u>\$2,744,623</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,090	\$ -	\$ -	\$ -	\$ 9,090
Accrued liabilities	8,600	-	-	-	8,600
Total liabilities	<u>17,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,690</u>
Fund balances:					
Unreserved, undesignated	<u>1,812,634</u>	<u>729,724</u>	<u>171,815</u>	<u>12,760</u>	2,726,933
Total liabilities and fund balances	<u>\$1,830,324</u>	<u>\$ 729,724</u>	<u>\$ 171,815</u>	<u>\$ 12,760</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 1,908,649

Enterprise fund net assets have been presented in *governmental activities* for reporting purposes. 149,761

Net assets of *governmental activities* \$4,785,343

See notes to financial statements

Township of Antwerp

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds**

Year ended June 30, 2005

	<u>General</u>	<u>Mattawan Fire</u>	<u>Lawton Fire</u>	<u>Other governmental funds</u>	<u>Totals</u>
REVENUES					
Taxes	\$ 334,023	\$ 158,387	\$ 141,968	\$ 28,073	\$ 662,451
State grants	431,539	-	-	1,139	432,678
Licenses and permits	2,200	-	-	-	2,200
Intergovernmental	-	39,417	-	-	39,417
Charges for services	29,371	-	-	-	29,371
Interest and rentals	43,609	10,812	2,236	665	57,322
Other	4,887	4,869	-	-	9,756
Total revenues	<u>845,629</u>	<u>213,485</u>	<u>144,204</u>	<u>29,877</u>	<u>1,233,195</u>
EXPENDITURES					
Legislative	8,650	-	-	-	8,650
General government	509,802	-	-	-	509,802
Public safety	21,378	70,734	159,084	104,358	355,554
Public works	147,136	-	-	-	147,136
Community and economic development	46,606	-	-	-	46,606
Health and welfare	-	-	-	-	-
Capital outlay	1,083	56,531	-	-	57,614
Total expenditures	<u>734,655</u>	<u>127,265</u>	<u>159,084</u>	<u>104,358</u>	<u>1,125,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	110,974	86,220	(14,880)	(74,481)	107,833
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	500	500
Transfers out	(500)	-	-	-	(500)
Total other financing sources (uses)	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	110,474	86,220	(14,880)	(73,981)	107,833
FUND BALANCES - BEGINNING	<u>1,702,160</u>	<u>643,504</u>	<u>186,695</u>	<u>86,741</u>	<u>2,619,100</u>
FUND BALANCES - ENDING	<u>\$1,812,634</u>	<u>\$ 729,724</u>	<u>\$ 171,815</u>	<u>\$ 12,760</u>	<u>\$2,726,933</u>

See notes to financial statements

Township of Antwerp

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds (Continued)**

Year ended June 30, 2005

Net change in fund balances - total governmental funds \$ 107,833

Amounts reported for *governmental activities* in the statement of activities (page 6)
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the costs of those assets are allocated over their
estimated useful lives as depreciation expense. This is the amount by
which capital outlays exceeded depreciation in the current period. 11,127

The change in enterprise fund net assets has been presented in
governmental activities for reporting purposes. 69,280

Change in net assets of *governmental activities* \$ 188,240

See notes to financial statements

Township of Antwerp
STATEMENT OF NET ASSETS - *proprietary fund*
June 30, 2005

	<u>Building inspections</u>
ASSETS	
Current assets:	
Cash	\$ 141,667
Receivable (net)	<u>16,479</u>
 Total assets	 <u>158,146</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	4,550
Accrued liabilities	<u>3,835</u>
 Total liabilities	 <u>8,385</u>
 NET ASSETS	
Unrestricted, unallocated	149,761
 Reclassify enterprise fund net assets to <i>governmental activities</i> for reporting purposes	 <u>(149,761)</u>
	 <u>\$ -</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
proprietary fund
Year ended June 30, 2005

	<u><i>Building inspections</i></u>
OPERATING REVENUES	
Licenses and permits	\$ 238,513
OPERATING EXPENSES	
Public safety	<u>169,233</u>
OPERATING INCOME	69,280
NET ASSETS - BEGINNING	<u>80,481</u>
NET ASSETS - ENDING	<u><u>\$ 149,761</u></u>
 Operating income	 \$ 69,280
 Reclassify the change in enterprise fund net assets as <i>governmental activity</i> for reporting purposes	 <u>(69,280)</u>
	<u><u>\$ -</u></u>

See notes to financial statements

Township of Antwerp
STATEMENT OF CASH FLOWS - *proprietary fund*
Year ended June 30, 2005

	<u>Building inspections</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 231,624
Payments to suppliers	(87,507)
Payments to employees	<u>(83,582)</u>
Net cash provided by operating activities	60,535
CASH - BEGINNING	<u>81,132</u>
CASH - ENDING	<u><u>\$ 141,667</u></u>
 Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 69,280
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in receivables, net	(6,889)
Increase (decrease) in:	
Accounts payable	1,328
Accrued liabilities	<u>(3,184)</u>
 Net cash provided by operating activities	 <u><u>\$ 60,535</u></u>

See notes to financial statements

Township of Antwerp
STATEMENT OF NET ASSETS - *fiduciary funds*
June 30, 2005

ASSETS

Cash	\$ <u>4,808</u>
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LIABILITIES

Due to other governmental units	\$ <u>4,808</u>
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See notes to financial statements

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Antwerp, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Township.

Discretely-presented component unit:

Mattawan Quick Response

Mattawan Quick Response meets the criteria of a component unit and has been included in the Township's government-wide financial statements as a discretely-presented component unit. Mattawan Quick Response is reported in a separate column to emphasize it is legally separate from the Township. Separate financial statements of the component unit have not been issued, as management believes these government-wide financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit. The component unit is economically dependent on the primary government.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. The major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Mattawan Fire Fund accounts for the operations of the Mattawan Fire Department with the funding coming from an extra-voted tax millage.

The Lawton Fire Fund accounts for the operations of the Lawton Fire Department with the funding coming from an extra-voted tax millage.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of GASB. The government has elected not to follow subsequent private-sector standards.

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and interest income.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired

ii) *Receivables and payables* - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All receivables are considered to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., major road improvements), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township includes shared road costs in its infrastructure. These costs represent the Township's portion of public road improvements for roads within the Township, which are owned by the County of Van Buren.

As permitted by generally accepted accounting principles the Township has elected to report only these infrastructure assets acquired after June 30, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 7 years
Vehicles	5 - 15 years
Shared road costs	20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Community and economic development	\$ 43,750	\$ 46,606	\$ 2,856
Mattawan Fire	Capital outlay	51,000	56,531	5,531
Lawton Fire	Public safety	119,810	159,084	39,274
Other	Public safety	23,000	102,638	79,638

NOTE 3 - DEPOSITS:

The Township's deposits, as shown in the government-wide statement of net assets are as follows

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Primary government</u>	<u>Component unit</u>
Deposits	\$ 2,719,353	\$ 4,808	\$ 2,724,161	\$ 86,542
Cash on hand	<u>420</u>	<u>-</u>	<u>420</u>	<u>-</u>
Total cash	<u>\$ 2,719,773</u>	<u>\$ 4,808</u>	<u>\$ 2,724,581</u>	<u>\$ 86,542</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At June 30, 2005, the Township has deposits with a carrying amount of \$2,724,161 and a bank balance of \$2,795,461. Of the bank balance \$458,777 is covered by federal depository insurance, and \$2,336,684 is uninsured. The component unit has deposits with a carrying amount of \$86,542 and a bank balance of \$86,737, which is covered by federal depository insurance.

Custodial credit risk is the risk that, in the event of failure of the bank, the Township will not be able to recover the value of its deposits. The Township has an investment policy that addresses custodial credit risk. As of June 30, 2005 the Township was exposed to custodial credit risk of \$2,336,684 and the component unit is not exposed to custodial credit risk.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the government's individual major funds, in the aggregate, are as follows:

	<u>General</u>	<u>Proprietary</u>	<u>Totals</u>
Accounts	\$ 4,387	\$ 16,479	\$ 20,866
Intergovernmental	<u>139,863</u>	<u>-</u>	<u>139,863</u>
Total	<u>\$ 144,250</u>	<u>\$ 16,479</u>	<u>\$ 160,729</u>

All receivables are due within one year and are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity of the Township for the current year was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 104,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,385</u>
Capital assets being depreciated:				
Buildings and improvements	1,825,930	-	-	1,825,930
Land improvements	143,494	-	-	143,494
Equipment	287,262	19,162	-	306,424
Vehicles	745,886	33,008	10,137	768,757
Infrastructure - shared road costs	<u>193,232</u>	<u>103,548</u>	<u>-</u>	<u>296,780</u>
Subtotal	<u>3,195,804</u>	<u>155,718</u>	<u>10,137</u>	<u>3,341,385</u>
Less accumulated depreciation for:				
Buildings and improvements	932,961	73,999	-	1,006,960
Land improvements	12,461	7,175	-	19,636
Equipment	214,141	12,581	-	226,722
Vehicles	242,299	39,055	10,137	271,217
Infrastructure	<u>805</u>	<u>11,781</u>	<u>-</u>	<u>12,586</u>
Subtotal	<u>1,402,667</u>	<u>144,591</u>	<u>10,137</u>	<u>1,537,121</u>
Total capital assets being depreciated, net	<u>1,793,137</u>	<u>11,127</u>	<u>-</u>	<u>1,804,264</u>
Governmental activities capital assets, net	<u>\$ 1,897,522</u>	<u>\$ 11,127</u>	<u>\$ -</u>	<u>\$ 1,908,649</u>

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to programs of the Township as follows:

General government	\$ 82,737
Public safety	47,622
Public works, which includes the depreciation of general infrastructure assets	<u>14,232</u>
Total governmental activities	<u>\$ 144,591</u>

NOTE 6 - JOINT VENTURES:

a) Lawton Fire Department Board of Commissioners:

The Township is a member of the Lawton Fire Department Board of Commissioners (the Fire Board), which is a joint venture of the Townships of Antwerp and Porter, and the Village of Lawton. The Administrative Board of the Fire Board consists of six members, which consists of two members appointed by each participating unit. The Fire Board was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2005, the Township of Antwerp contributed \$158,027 as its proportionate share of the Fire Board's budgeted costs. Complete audited financial statements for the Fire Board can be obtained from the Village of Lawton.

b) Paw Paw Fire Department Board:

The Township is a member of the Paw Paw Fire Department Board (the Department), which is a joint venture of the Townships of Antwerp, Almena, Paw Paw, and Waverly, and the Village of Paw Paw. The Administrative Board of the Department consists of members appointed by each participating unit. The Department was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2005, the Township of Antwerp contributed \$102,038 as its proportionate share of the Department's budgeted costs. Complete audited financial statements for the Department can be obtained from the Treasurer of the Department.

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. All members of the Township Board and all Township employees employed for more than 20 hours per week on a regular basis are eligible to participate. Eligible employees may begin participating on the date the plan started, or on the first day of the month coincident with, or immediately following, their date of employment, if later. Eligible employees must defer 5% of their basic annual compensation. The Township will match 200% of the employee's contribution. All of the Township's contributions for each participating employee (and interest allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and its employees made required contributions of \$24,381 and \$14,770, respectively.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 8 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 - PRIOR PERIOD ADJUSTMENT:

A prior period adjustment has been recorded in 2005 that resulted in fund equity restatements. Fund equity as of July 1, 2004, included in the basic financial statements, represents restated balances as presented below. The following schedule identifies the nature and amount of the adjustment recorded:

	<i><u>Governmental activities</u></i>
Fund equity:	
Beginning of year, as previously reported	\$ 4,683,130
Prior period adjustment - reclassification of component unit	<u>(86,027)</u>
Beginning of year, as restated	<u>\$ 4,597,103</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 430,000	\$ 430,000	\$ 334,023	\$ (95,977)
State grants	435,000	435,000	431,539	(3,461)
Licenses and permits	1,500	1,500	2,200	700
Charges for services	50,000	50,000	29,371	(20,629)
Interest and rentals	36,000	36,000	43,609	7,609
Other	6,100	6,100	4,887	(1,213)
Total revenues	<u>958,600</u>	<u>958,600</u>	<u>845,629</u>	<u>(112,971)</u>
EXPENDITURES				
Legislative	9,000	9,000	8,650	350
General government	616,854	616,854	509,802	107,052
Public safety	28,000	27,500	21,378	6,122
Public works	203,600	203,600	147,136	56,464
Community and economic development	43,750	43,750	46,606	(2,856)
Capital outlay	57,000	57,000	1,083	55,917
Total expenditures	<u>958,204</u>	<u>957,704</u>	<u>734,655</u>	<u>223,049</u>
EXCESS OF REVENUES OVER EXPENDITURES	396	896	110,974	110,078
OTHER FINANCING USES:				
Transfer to Liquor Control Enforcement Fund	<u>-</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>396</u>	<u>396</u>	<u>110,474</u>	<u>110,078</u>
FUND BALANCES - BEGINNING	<u>1,702,160</u>	<u>1,702,160</u>	<u>1,702,160</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,702,556</u>	<u>\$ 1,702,556</u>	<u>\$ 1,812,634</u>	<u>\$ 110,078</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Mattawan Fire Fund
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 160,885	\$ 160,885	\$ 158,387	\$ (2,498)
Contributions from other governmental units	39,936	39,936	39,417	(519)
Interest	10,000	10,000	10,812	812
Other	-	-	4,869	4,869
Total revenues	<u>210,821</u>	<u>210,821</u>	<u>213,485</u>	<u>2,664</u>
EXPENDITURES				
Public safety	104,500	104,500	70,734	33,766
Capital outlay	<u>51,000</u>	<u>51,000</u>	<u>56,531</u>	<u>(5,531)</u>
Total expenditures	<u>155,500</u>	<u>155,500</u>	<u>127,265</u>	<u>28,235</u>
NET CHANGE IN FUND BALANCES	55,321	55,321	86,220	30,899
FUND BALANCES - BEGINNING	<u>643,504</u>	<u>643,504</u>	<u>643,504</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 698,825</u>	<u>\$ 698,825</u>	<u>\$ 729,724</u>	<u>\$ 30,899</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Lawton Fire Fund
Year ended June 30, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 102,871	\$ 102,871	\$ 141,968	\$ 39,097
Interest	<u>3,000</u>	<u>3,000</u>	<u>2,236</u>	<u>(764)</u>
Total revenues	105,871	105,871	144,204	38,333
EXPENDITURES				
Public safety	<u>119,810</u>	<u>119,810</u>	<u>159,084</u>	<u>(39,274)</u>
NET CHANGE IN FUND BALANCES	(13,939)	(13,939)	(14,880)	(941)
FUND BALANCES - BEGINNING	<u>186,695</u>	<u>186,695</u>	<u>186,695</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 172,756</u>	<u>\$ 172,756</u>	<u>\$ 171,815</u>	<u>\$ (941)</u>

SUPPLEMENTARY INFORMATION

Township of Antwerp
COMBINING BALANCE SHEET - nonmajor governmental funds
June 30, 2005

	<u>Special revenue</u>		<u>Total</u>
	<u>Paw Paw Fire Department</u>	<u>Liquor Control Enforcement</u>	<u>nonmajor governmental funds</u>
ASSETS			
Cash	\$ 12,611	\$ 149	12,760
FUND BALANCES			
Unreserved, undesignated	\$ 12,611	\$ 149	\$ 12,760

Township of Antwerp**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - nonmajor governmental funds**

Year ended June 30, 2005

	<u>Special revenue</u>		<u>Total</u>
	<u>Paw Paw Fire Department</u>	<u>Liquor Control Enforcement</u>	<u>nonmajor governmental funds</u>
REVENUES			
Property taxes	\$ 28,073	\$ -	\$ 28,073
State grants	-	1,139	1,139
Interest	665	-	665
	<u>28,738</u>	<u>1,139</u>	<u>29,877</u>
Total revenues			
	<u>28,738</u>	<u>1,139</u>	<u>29,877</u>
EXPENDITURES			
Public safety	102,638	1,720	104,358
Capital outlay	-	-	-
	<u>102,638</u>	<u>1,720</u>	<u>104,358</u>
Total expenditures			
	<u>102,638</u>	<u>1,720</u>	<u>104,358</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(73,900)	(581)	(74,481)
OTHER FINANCING SOURCES:			
Transfer from General Fund	-	500	500
	<u>-</u>	<u>500</u>	<u>500</u>
NET CHANGE IN FUND BALANCES	(73,900)	(81)	(73,981)
FUND BALANCES - BEGINNING	86,511	230	86,741
	<u>86,511</u>	<u>230</u>	<u>86,741</u>
FUND BALANCES - ENDING	\$ 12,611	\$ 149	\$ 12,760
	<u>\$ 12,611</u>	<u>\$ 149</u>	<u>\$ 12,760</u>